

# The Possibility Organization

Why Innovation is the road to wealth

The possibility driven organization is an organization that innovates. An organization that is embroiled in patch protection, or defensive market share maneuvers will not grow.

They may well have problems, which require solving, but merely solving problems will at best return the organization back to the previous level of performance. Only innovation will drive a business to the next level and be a 'game changer'.

*Innovation is the specific instrument of entrepreneurship... the act that endows resources with a new capacity to create wealth.*

- Peter Drucker

There are tools for innovation, and while innovation is the often referred to as the future of business, few managers know how to implement and take

advantage of these tools. Only hoping to come up with a new product or service haphazardly each year.

### **Characteristics of Possibility Driven Organizations:**

- Outward looking
- Values results *and* processes
- Promotes Creativity
- Leaps while Looking (takes prudent risks)
- Invites Innovation

### **Outward looking**

Outward looking organizations are externally focused, but driven by internal values. They understand that while they must look with in to determine their key strengths and how they will differentiate themselves, they must be looking outward to what the customers want and need. Look outward for opportunities.

Old thinking creates prisoners of past paradigms, preventing you from achieving present possibilities.

The possibility driven organization is looking outwardly to the future. They think from the customer point of view. They ask questions about what their clients might want and need five years from now.

They understand that to remain still and do things as they have always been done is tantamount to death for the organization. They understand that last year's excellence is this year's standard.

This begins by looking at the opportunities around us. Very often organizations get caught up in the daily routine and in an attempt to fix problems at home take the eye of the ball, that is to say, they stop looking for opportunities.

Gary Hamel points out in his recent book, *The Future of Management*, 'What ultimately constrains the performance of your organization is not its operational model but its management model'.

### **Values results AND process**

True high performers are driven by purpose, values and process. They establish a process by which to achieve their results, and as such they measure the relative effectiveness of their processes by the results. They question whether their processes and systems are the best. Could they be improved?

These include systems of creativity and innovation.

Warren Buffet is focused on the quality of management as investment criteria. Yet he buys businesses without ever having met the management team. Why this apparent conflict?

He looks at results over the long term. If the management team is able to sustain results over the long term, year in, year out, not just over two years in good times. Then it isn't necessary to a double check. The management must have strong values and processes to achieve those results.

Perhaps there no better example of a company valuing results and processes than Toyota's famous Production System (TPS). Toyota is focused on its process one hundred percent of the time, from the production line to the process of innovation. At Toyota innovation is not something that is slapped on but a strategic process which is integrated in every level of the business.

The Prius is a perfect example of foresight and innovation at its best. In a world where American car-makers are scratching their heads in a desperate attempt to gain market share, Toyota is asking what the market wants – small cars – and taking the market with it.

### **Promotes Creativity**

It has been said that creativity is the mother of all invention. And if you are looking to be innovative then it follows that we must allow creativity.

Possibility Driven Organization allows time and space for their people to be creative. If you want results we need some creative thought.

Creativity doesn't have to be an earth shattering idea from the divine that changes the direction of the company. And if that is all you go looking for you will be disappointed. What we need is creativity on everyday issues, solving customer problems where its needed, at the front line.

Thinking systems for everyday creativity in the work place have been developed with exactly this in mind. Personally I use the Edward De Bono system of 6 thinking hats and Tony Buzan's mind maps. These are only tools. What is required is a commitment to creativity at these everyday levels, which builds up over time to create the dramatically enhanced innovative organization.

Creativity is fostered through leadership. Contrary to popular opinion creativity doesn't just happen. It's a process and the conditions must be set for creativity to flourish.

I can recall the mantra in a previous corporate life when the manger was asking in frustration, "you people need to think outside the box." All this did is have people second-guessing what might make him happy. Then during a training session, the facilitator introduced the Six Thinking Hat's tool and a flourish of ideas came out. "That's what I was looking for" came the response from my manger. I realised then it had nothing to do with our inability as creative people, we all have that, what we needed was a process.

Whether you embrace Six Thinking Hat's is beside the point, a process applied to an everyday issue, which yielded dramatically improved results.

### **Leap While Looking**

The conditions for success from a change or innovative effort will never be perfect. But we must leap anyway. The perfect solution doesn't exist.

The pareto principle says that 80 percent of the results come from 20 percent of the inputs. Conversely 20 percent of the unknowns in a project will be far too expensive and time consuming to fully comprehend and if you insist on knowing everything in advance you will never begin.

Change and innovation has its inherent risks, and while I am advocating change, I don't mean with reckless abandon. We must take prudent risks. The downside of risk is often overstated. Gather as much information as possible, make the jump and cover your bases, Start small, test, then leap.

This quote from Mike Dikta an NFL coach says it all: Success isn't permanent, and failure isn't fatal.

### **Invites innovation**

The possibility driven organization must drive innovation from the top. Your organization may be structured and the culture indoctrinated so that innovation is more challenging than in other organizations. Leadership drives culture and innovation requires leadership.

*Innovation has nothing to do with how many R&D dollars you have...It's not about money. It's about the people you have, how you're led, and how much you get it.*

-Steve Jobs

An organization that is passionate about possibilities must innovate. Richard Branson is always looking to what could be.

In Australia where we only had two domestic airlines, and they had the

same flight times and prices, there wasn't any innovation.

There is no better example for innovation over patch protection. Virgin came in and offered lower prices, significantly better customer experience, and online booking systems. He single handidly blew the Australian airline industry a part. I credit him for the wave of innovation now coming out of Qantas. None of that would have happened with the mind-set Qantas had of milking the cow and patch protection.

It is amazing to watch Branson do this over and over again. Where there is a monopoly and innovation has stopped, he comes in asks what the customers want and changes the face the industry. Beautiful.

Virgin has creativity, innovation, and empowering employees at the centre of its strategy. Now they have had their fair share of failures and tough times. But you would hardly say it has been fatal.

That is the power of the possibility organization. You will achieve more, attract better employees and therefore clients.

To invite innovation is to implement creativity. To invite creativity is to empower your people with the skills systems and structures. Then we must have the courage to jump across the ravine.

Lessons learned from Virgin:

- Innovation is purposeful and systematic
- Is simple and focused
- Starts small and builds up, adjusting along the way
- Aims at being the best. Not so much the biggest but aim for being the best in field.

## Measuring Innovation

The possibility organization must also deliver results and cannot be afford indulging in creative efforts, which they tried, but failed. Innovation still demands the pragmatic results that a business requires. There must be not only culture and leadership, but also structure.

Organizations must set about deciding on effective metrics. Effectives metrics are driven by strong vision and purpose and are always outcome and results based.

* Additional Measures of Innovation		
Elements of Innovation Process	Business Innovation Measures	Process Innovation Measures
Inputs	<ul style="list-style-type: none"> <li>• Funding</li> <li>• Culture of risk taking</li> <li>• Rewards</li> <li>• Tools</li> </ul>	<ul style="list-style-type: none"> <li>• Excellence in research</li> <li>• Innovation management</li> <li>• Time allocation (%)</li> </ul>
In-process	<ul style="list-style-type: none"> <li>• Targets for innovation</li> <li>• Process of innovation</li> <li>• Extent of institutionalization</li> <li>• Idea management</li> <li>• Internal and external publications</li> <li>• Knowledge management</li> <li>• Internal and external collaboration</li> <li>• Recognition</li> </ul>	<ul style="list-style-type: none"> <li>• New idea deployment</li> <li>• Extent of improvement or change</li> <li>• Degree of differentiation</li> <li>• Disruption or innovativeness</li> <li>• Time to innovate</li> </ul>
Outputs	<ul style="list-style-type: none"> <li>• Patents</li> <li>• New products, services or solutions</li> <li>• Sales growth</li> <li>• Market position or ranking</li> <li>• Customer perceptions</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of innovation</li> <li>• Savings</li> <li>• Opportunities</li> </ul>

\* Source [www.realinnovation.com](http://www.realinnovation.com) Develop Process-Based Measures of Innovation By Praveen Gupta

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**Conclusion**

Possibility organizations are the businesses that will thrive. These are the companies that will make and design the future. They are the ones that will outstrip the average and will make real wealth.

In “Possibility Driven Organizations” innovation does not happen haphazardly or sporadically. “Real” Innovation is accomplished consistently and systematically. Driven with purpose and leadership. Possibility Driven organizations are not dependant upon genius instead it emerges from discipline, organization, and proven innovative methodology.